

Message Text

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70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-02 PRS-01 SS-15 STR-04 CEA-01 AGR-10 INT-05

FEA-01 /119 W

----- 046819

R 281601Z JUL 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 8588

INFO AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

UNCLAS PANAMA 5252

GUATEMALA ALSO FOR ROCAP

EO 11652: N/A

TAGS: ECON, ETRP, PN

SUBJECT: PANAMA AND GUATEMALA SIGN PREFERENTIAL TRADE AGREEMENT

1. PANAMA AND GUATEMALA ON JULY 26, 1976 CONCLUDED A TREATY OF FREE TRADE AND PREFERENTIAL TREATMENT THAT WILL PERMIT CERTAIN PANAMANIAN PRODUCTS DUTY-FREE ENTRY INTO GUATEMALA IN EXCHANGE FOR PREFERENTIAL PANAMANIAN DUTIES ON IMPORTS FROM GUATEMALA. THE RETENTION OF A LOW DUTY ON THE LATTER IS AN ATTEMPT BY THE NEGOTIATORS TO COMPENSATE FOR THE HIGHER COSTS OF PRODUCTION IN PANAMA-WHERE THE COST OF LABOR IS TWICE THAT IN CENTRAL AMERICA-IN ORDER TO ARRIVE AT AN EQUITABLE EXCHANGE OF PREFERENCES. THE TREATY IS THE LATEST AND MOST COMPREHENSIVE IN A SERIES OF BILATERAL AGREEMENTS BETWEEN PANAMA AND CACM COUNTRIES DESIGNED TO INCREASE TRADE WITHIN AN INCREASINGLY INTEGRATED

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MARKET OF 20 MILLION PEOPLE. PANAMA HOPES TO UTILIZE THIS

RECONGITION OF THE NEED FOR EQUITABLE, E.E. OTHER THAN STRICTLY
RECIPROCAL, PREFERENCES IN ITS CONTINUING TRADE NEGOTIATIONS
WITH OTHER CACM MEMBERS.

2. THE EMBASSY WILL SUPPLEMENT THIS INTERIM REPORT WITH AN
ASSESSMENT OF THE IMPLICATIONS FOR THE U.S. OF THE NEW TREATY
AND ITS COMPLEMENTARY LIST OF APPROXIMATELY 150 PRODUCTS AND
COPIES WILL BE POUCHED TO THE DEPARTMENT WHEN AVAILABLE.

JORDEN

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NNN

Message Attributes

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Disposition Event:
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